

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01 USIA-15

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R 300755Z MAY 74

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 5650

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E.O. 11652: N/A

TAGS: ENRG, TS

SUBJECT: INTEREST OF CALUMET INDUSTRIES IN TUNISIAN
PETROLEUM REFINERY

REF: TUNIS 1619, TUNIS 1882

1. HARRY J. FAIR, PRESIDENT OF CALUMET INDUSTRIES, CHICAGO, AND OTHER MEMBERS OF COMPANY CALLED ON PRESIDENT BOURGUIBA AT MONASTIR ON MAY 24 AND ON MINISTER NATIONAL ECONOMY AYARI MAY 25. VISIT WAS IN CONNECTION WITH CALUMET'S PROPOSAL TO ESTABLISH A SIX MILLION TON PER YEAR PETROLEUM REFINERY IN GABES CAPABLE OF PRODUCING SOME PETROCHEMICAL FEEDSTOCKS SUCH AS XYLENE. TUNISIAN PRESS ONLY REPORTED MEETING WITH AYARI.

2. FAIR TOLD EMBOFF HE WAS OPTIMISTIC REGARDING CALUMET'S CHANCES OF BEING AWARDED REFINERY FOLLOWING CONVERSATION WITH PRESIDENT BOURGUIBA. HE FELT BOURGUIBA WAS EAGER TO HAVE AMERICAN COMPANY UNDERTAKE PROJECT RATHER THAN ITALIAN/FRENCH COMBINATION. FAIR ALSO CONFIDENT THAT

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CALUMET WAS ONLY U.S. COMPANY NOW BEING SERIOUSLY

CONSIDERED BY GOT.

3. FAIR INDICATED THAT WHILE PROPOSAL STILL BASICALLY SAME AS DESCRIBED TO EMBOFF IN EARLY FEBRUARY (SEE MEMO FOR RECORD OF FEB 25, 1974) CALUMET HAS AGREED TO PROVIDE FACILITY FOR ADDITIONAL PETROCHEMICAL FEEDSTOCKS. CALUMET ALSO NOW PROPOSING TO UNDERTAKE ENTIRE PROJECT WITHOUT GOT PARTICIPATION AS RESULT INABILITY REACH AGREEMENT ON GOT REQUEST FOR GUARANTEED RATE OF PROFIT WHICH FAIR SAID IS SIMPLY IMPOSSIBLE TO GIVE IN VIEW OF UNCERTAINTIES IN WORLD PETROLEUM MARKET. FAIR INDICATED THAT HIS NEGOTIATIONS AT WORKING LEVEL HAVE BEEN DIFFICULT BUT THAT HIS HIGH LEVEL CONNECTIONS HAVE MANAGED TO MOVE PROJECT FORWARD, INCLUDING ARRANGING OF APPOINTMENT WITH PRESIDENT BOURGUIBA. OUTCOME OF HIS MEETING WITH AYARI NOT KNOWN SINCE FAIR AND OTHER CALUMET REPS LEFT SHORTLY AFTER MEETING.

4. COMMENT: ALTHOUGH CALUMET APPEARS TO BE RELATIVELY SMALL COMPANY, IT APPEARS TO HAVE BACKING OF LARGE U.S. CHEMICAL COMPANIES INTERESTED IN ASSURED SUPPLY OF FEEDSTOCKS. FACT MEETING ARRANGED WITH BOURGUIBA INDICATES SOME HIGH LEVEL BACKING ALTHOUGH LACK OF PUBLICITY MAY BE INDICATIVE OF CAUTION. DIFFICULT TO DETERMIN, HOWEVER, WHETHER CALUMET CAN OVERCOME STRONG ITALIAN/FRENCH COMPETITION. MINECONOMY HAS INQUIRED OF EMBASSY REGARDING CHARTER AND COASTAL STATES, INDICATING THEY PROBABLY ALSO STILL IN RUNNING.

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